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**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON**

In re:

GIGA WATT, Inc., a Washington  
corporation,

Debtor.

Case No. 18-03197 FPC 11

Chapter 11

**DECLARATION OF MARK D.  
WALDRON IN SUPPORT OF  
CHAPTER 11 TRUSTEE'S MOTION  
FOR ORDER APPROVING MOSES  
LAKE TWO-WAY AGREEMENT**

I, Mark D. Waldron, declare as follows:

1. I submit this declaration in my capacity as the duly-appointed Chapter 11 Trustee (the "Trustee") in the bankruptcy case of the above-captioned debtor (the "Debtor" or "Giga Watt"). I submit this declaration in support of the *Chapter 11 Trustee's Motion for Order Approving Moses Lake Two-Way Agreement* (the "Motion"),<sup>1</sup> filed herewith. The statements set forth herein are based on my investigation of the Debtor's affairs and, except where otherwise noted, are based

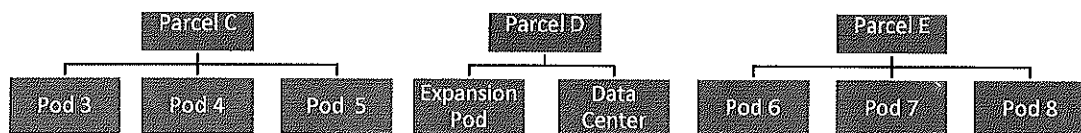
<sup>1</sup> Capitalized terms used in this Declaration have the meanings ascribed to them in the Motion.

1 on personal knowledge. If called as a witness, I would and could competently  
2 testify hereto.

3 2. Pursuant to four leases, the Debtor leased the following premises from  
4 the Moses Lake Landlords: Parcel C, the "Expansion Pod" on Parcel D, the "Data  
5 Center" on Parcel D, and Parcel E. A list of the leases between the Moses Lake  
6 Landlords and Giga Watt, Inc. is attached to the Motion as Exhibit C.

7 3. On the leased premises, the Debtor built buildings, known as pods,  
8 that are wired and equipped to house computers that "mine" for cryptocurrency.

9 4. The foregoing chart accurately depicts the parcels and buildings  
10 (pods) located on the Debtor's Moses Lake facility:



14 5. Parcel C and the Data Center in Parcel D have been re-opened  
15 pursuant to the Moses Lake Two-Way Agreement. A true and correct copy of the  
16 Moses Lake Two-Way Agreement is attached to the Motion as Exhibit B.

17 6. Parcel E has been re-opened pursuant to a separate agreement that is  
18 the subject of a separate motion.

19 7. The material terms of the Moses Lake Two-Way Agreement are  
20 accurately summarized in the Motion and incorporated herein by reference as if  
21 set forth fully herein.

22 8. Within five weeks of the Petition Date, the Debtor granted to the  
23 Moses Lake Landlords certain security interests. In my judgment, those security

1 interests and their subsequent perfection most likely constitute avoidable transfers  
2 pursuant to section 547 of the Bankruptcy Code. Pursuant to ¶ 10 of the Cash  
3 Collateral Order, the adequate protection lien was only valid to the extent the  
4 security interest was valid. The Moses Lake Two-Way Agreement does not  
5 resolve this issue and the Agreement does not include any releases of claims.

6 9. When I was appointed as Trustee, all power to all of the Debtor's  
7 facilities was cut off and operations were at a complete standstill.

8 10. I have retained and the Court has approved the employment of Lauren  
9 Miehe, Douglas Pratt, and Allen Oh to provide consulting services and operational  
10 assistance with respect to the Debtor's business and in particular with re-opening  
11 the Debtor's facilities. I have also retained two technicians in the ordinary course  
12 to assist with operations at Moses Lake.

13 11. On March 11, 2019, the Moses Lake Landlords paid \$169,500.19 (the  
14 "Catch-Up Power Payment") to the Grant County Public Utility District in order  
15 to turn the power back on at a portion of the Debtor's facilities in Moses Lake.  
16 Without the Catch-Up Power Payment, I would not have been able to resume the  
17 Debtor's business operations. However, before the Moses Lake Landlords made  
18 the Catch-Up Power Payment, I informed and disclosed to the Moses Lake  
19 Landlord that any agreement, including to repay the Catch-Up Power Payment,  
20 was subject to Court approval.

21 12. After the Moses Lake Landlord paid the Master Landlord Catch-Up  
22 Power payment, the Grant County PUD almost instantly turned on the electricity.  
23 The Debtor's operations at a portion of the Moses Lake facility are now being

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1 managed, under the Trustee's supervision, by Lauren Mieke, Doug Pratt and Allen  
2 Oh, whose employment has been approved by this Court.

3 13. I believe that sound business reasons support my decision to enter into  
4 the Moses Lake Two-Way Agreement. The Agreement re-starts the Debtor's  
5 business operations at a portion of the Moses Lake facility. It will allow me to  
6 pay down administrative liabilities and possibly re-open the rest of the Moses  
7 Lake facility. Additionally, running operations at the Moses Lake facility will  
8 allow me to prepare accurate financial statements based on current information  
9 which in turn will allow me to assess and possibly capture for the benefit of  
10 creditors the Debtor's going concern value.

11 14. In my judgment, the terms of the Moses Lake Two-Way Agreement  
12 are favorable. The Moses Lake Landlords are not requiring a set amount of money  
13 every month, other than the cost of electricity. Instead, payments after electricity  
14 are based on a percentage of the Estate's revenues. Thus, even if cryptocurrency  
15 depreciates or expenses increase, the Estate will receive some income from Moses  
16 Lake every month going forward. Additionally, interest will not accrue on any of  
17 the Estate's payments obligations other than on the Catch-Up Payment. The  
18 interest rate on the Catch-up Payment is the same as the rate that the Moses Lake  
19 Landlords are paying on the loan that they took out to make the Catch-Up  
20 Payment in the first place.

21 15. Given that operations were defunct and that no financial information  
22 regarding the Debtor was available, I was unable to obtain credit on an  
23 administrative basis pursuant to section 364(b) of the Bankruptcy Code.

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1 To the best of my knowledge, I declare under penalty of perjury that the  
2 foregoing is true and correct.

3 Executed this 5<sup>th</sup> day of April 2019 in Tacoma, Washington.

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6 Mark D. Waldron  
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